

DIRECTORS

SIR HENRY TUCKER Hamilton, Bermuda	CHAUNCEY L. WADDELL New York, N. Y.
RODNEY S. C. DONALD Toronto, Ontario	ROBERT F. LYNCH New York, N. Y.
WILLIAM C. CATES New York, N. Y.	GEORGE P. RUTHERFORD New York, N. Y.
CAMERON K. REED Kansas City, Mo.	ALLEN J. NIX New York, N. Y.
HENRY R. JACKMAN, Q.C. Toronto, Ontario	GRAHAM M. MacLACHLAN Toronto, Ontario
RICHARD O. LOENGARD New York, N. Y.	HON. JAMES E. PEARMAN Hamilton, Bermuda
DOMINIQUE de GRIÈGES Paris, France	ROBERT E. HENTSCH Geneva, Switzerland
SIR ANTONY HORNBY London, England	JAMES W. ANGELL New York, N. Y.
BONNY H. BONCOMPAGNI New York, N. Y.	STANLEY C. HOPE New York, N. Y.
ALEX McD. McBAIN Toronto, Ontario	GABRIEL NEUMANN New York, N. Y.

OFFICERS

CHAUNCEY L. WADDELL President	ALEX McD. McBAIN Vice-President
RODNEY S. C. DONALD Exec. Vice-President	RALPH HORNER Vice-President
ROBERT F. LYNCH Vice-President	JOHN M. GODFREY, Q.C. Secretary
JOE JACK MERRIMAN Vice-President	JOHN WM. GALBRAITH Treasurer

INVESTMENT MANAGER

UNITED FUNDS MANAGEMENT LTD.
Toronto

UNDERWRITER

WADDELL & REED, INC.

Kansas City

New York

LEGAL COUNSEL

CAMPBELL, GODFREY & LEWTAS
Toronto

VALICENTI LEIGHTON REID & PINE
New York

CUSTODIAN

THE CHASE MANHATTAN BANK
New York

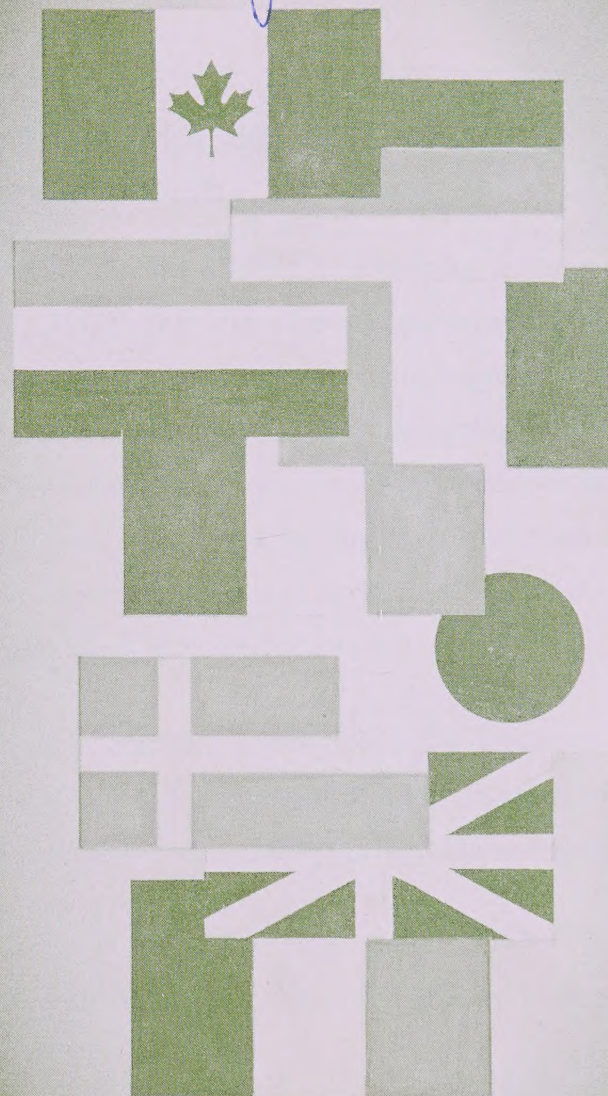
TRANSFER AGENT and REGISTRAR
COMMERCE TRUST COMPANY
Kansas City

AUDITORS

ARTHUR YOUNG, CLARKSON, GORDON & CO.
Toronto

UNITED FUNDS CANADA-INTERNATIONAL LTD.

File JS



annual
report

FOR THE YEAR ENDED JULY 31, 1966




In the fiscal year of your Fund which ended in the economies of many of the countries represented failed to reflect these improvements. Among the trend to higher interest rates and the shortage of effects on corporations were not enough to offset in many countries, they unquestionably affected these two influences, which were international difficulties of their own such as the sterling crisis in the Netherlands and in Germany.

Though these forces are still being felt as the important considerations to be set against them in assessing the situation in France, Germany and the Netherlands is also in earlier years of the Fund's operations. In addition, it has usually been long sustained during previous periods of any decline would improve the relative attractiveness of activity in most countries also points to a continuing upward trend in 1966, even though the rate of advance in Canada and the British economy is unlikely to resume its previous growth measures designed to maintain the value of the sterling.

The Fund's net asset value at July 31, 1965 was \$5.45 per share at July 31, 1965 and \$5.95 per share at July 31, 1966.

On August 25, 1966 the Directors of United Fund of Canada declared a dividend of 4¢ per share payable September 1, 1966. Capital gains of approximately 14¢ per share have been reinvested, since distribution could result in a loss of capital.



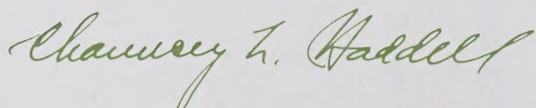
Sir Henry J. Tucker
Chairman

on July 31, 1966, there were notable advances
ented in the portfolio but stock prices in general
forces that contributed to this result, the strong
labor were especially important. While their
set the powerful impetus to expansion apparent
ed investors' attitudes adversely. In addition to
n scope, some countries were affected by diffi-
n Great Britain and political developments in the

e new fiscal year begins, there are some import-
sing the outlook. The general level of stock prices
eady low by comparison with the levels reached
tion, bond yields are at levels which have not
ods of peacetime prosperity in this century, and
on of common stocks. The outlook for business
uation of growth in the balance of the year
da, Germany and Holland may well slacken, and
gress until the Government can relax its recent
ing.

1966 was \$5.07 per share, which compares with
er share at January 31, 1966.

ed Funds Canada-International Ltd. declared a
4, 1966 to shareholders of record August 26,
share were realized during the year; these have
n possible tax liability to the shareholder.



Chauncey L. Waddell
President



INVESTMENT PORTFOLIO
IN UNITED STATES DOLLARS

JULY 31, 1966

COMMON STOCKS

SHARES

MARKET VALUE

**ELECTRICAL AND
ELECTRONICS**
5.5%

L. M. ERICSSON	6,982	\$ 317,751
N.V.G.B. v. A PHILIPS GLOEILAMPENFABRIEKEN....	5,000	132,150
SIEMENS & HALSKE A.G.	DM150,000	128,535
		<u>578,436</u>

INSURANCE
2.8%

ASSICURAZIONI GENERALI DI TRIESTE E VENEZIA (a)	1,000	175,520
NATIONALE NEDERLANDEN N.V.	FL88,000	114,083
		<u>289,603</u>

**DRUGS AND
COSMETICS**
8.9%

N.V. KONINKLIJKE ZWANENBERG-ORGANON	3,564	163,374
SCHERING A.G.	DM200,000	169,880
SHISEIDO CO. LTD.	200,000	306,000
SYNTEX CORPORATION	4,000	297,000
		<u>936,254</u>

CHEMICAL
2.6%

BADISCHE ANILIN & SODA-FABRIK A.G. (B.A.S.F.)	DM24,000	21,528
FARBENFABRIKEN BAYER A.G.	DM150,000	101,100
SOCIETE DES USINES CHIMIQUES RHONE-POULENC	3,025	148,800
		<u>271,428</u>

OIL
8.1%

COMPAGNIE INDUSTRIELLE MARITIME	1,500	73,200
IMPERIAL OIL LIMITED	8,000	409,520
ROYAL DUTCH PETROLEUM N.V.	10,000	369,200
		<u>851,920</u>



INVESTMENT PORTFOLIO
IN UNITED STATES DOLLARS

JULY 31, 1966

COMMON STOCKS (Continued)

SHARES

MARKET VALUE

**METALS AND
MINING**
11.3%

COMPAGNIE DE PRODUITS CHIMIQUES ET ELECTROMETALLURGIEQUES PECHINEY	4,500	\$ 186,615
FALCONBRIDGE NICKEL MINES LIMITED	6,000	545,220
THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED	5,000	446,750
		<u>1,178,585</u>

MERCHANDISING
8.8%

ALBERT HEIJN N.V.	FL55,000	110,457
OSHAWA WHOLESALE "A"	20,000	456,000
M. LOEB LTD.	22,500	293,175
LA RINASCENTE PER L'ESERCIZIO DI GRANDI MAGAZZINI S.p.A.	92,000	57,960
		<u>917,592</u>

IRON AND STEEL
2.7%

ALGOMA STEEL CORPORATION LIMITED	5,000	126,800
DOMINION FOUNDRIES AND STEEL, LIMITED	4,000	83,760
SOCIETA FINANZIARIA SIDERURGIA PER AZIONI, WARRANTS	355,500	71,100
		<u>281,660</u>

**FOOD PRODUCTS
AND BEVERAGES**
3.3%

DISTILLERS CORPORATION - SEAGRAMS LTD.	10,500	302,925
UNILEVER N.V.	2,000	45,700
		<u>348,625</u>

REAL ESTATE
1.4%

CREDIT FONCIER ET IMMOBILIER	1,413	56,237
SOCIETA GENERALE IMMOBILIARE DI UTILITA PUBBLICA ED AGRICOLA	100,000	93,000
		<u>149,237</u>



INVESTMENT PORTFOLIO
IN UNITED STATES DOLLARS

JULY 31, 1966

COMMON STOCKS (Continued)

SHARES

MARKET VALUE

**PIPELINES AND
UTILITIES
10.5%**

THE ALBERTA GAS TRUNK LINE COMPANY LIMITED "A"	24,400	\$ 681,248
KANSAI ELECTRIC POWER	4,019ADR	89,905
TRANS-CANADA PIPELINES LIMITED	11,000	326,370
		<u>1,097,523</u>

**MISCELLANEOUS
10.4%**

COMPAGNIE GENERALE DES ESTABLISSEMENTS MICHELIN	1,452	264,351
DEUTSCHE LUFTHANSA A.G. (H)	552,000	308,402
FIAT S.p.A.	20,000ADR	91,600
RANK ORGANISATION 'A'	60,000	238,200
S.A. FRANCAISE DU FERODO	1,017	60,196
THOMSON NEWSPAPERS LIMITED	7,500	127,425
		<u>1,090,174</u>
TOTAL COMMON STOCKS 76.3%.....		7,991,037

PREFERRED STOCKS

LA RINASCENTE PER L'ESERCIZIO DI GRANDI MAGAZZINI S.p.A.	108,000	51,840
ING. C. OLIVETTI & CO., S.p.A. (PRIVILEGED SHARES)	42,000ADR	227,220
TOTAL PREFERRED STOCKS 2.7%		<u>279,060</u>
TOTAL STOCKS 79.0%		8,270,097

PRINCIPAL
AMOUNT

MARKET
VALUE

CONVERTIBLE DEBENTURES: 6.4%

BEECHAM INTERNATIONAL HOLDINGS S.A. 5½, DUE JULY 31, 1981	\$450,000	437,625
COMPAGNIE DE PRODUITS CHIMIQUES ET ELECTROMETALLURGIQUES PECHINEY 4¼%/6%, DUE JANUARY 1, 1980	FF112,400	25,003
FARBENFABRIKEN BAYER A.G. 5%, PARTICIPATING, DUE JANUARY 2, 1980	DM70,000	14,532



INVESTMENT PORTFOLIO
IN UNITED STATES DOLLARS

JULY 31, 1966

CONVERTIBLE DEBENTURES (Continued)

	<u>PRINCIPAL AMOUNT</u>	<u>MARKET VALUE</u>
KONINKLIJKE NEDERLANDSCHE HOOGOVS EN STAALFABRIEKEN N.V. 5¾%, DUE JANUARY 1, 1980	FL40,000	\$ 10,484
S.A. FRANCAISE DU FERODO 5%/6%, DUE FEBRUARY 1, 1979	FF67,800	13,653
SOCIETA GENERALE IMMOBILIARE DI UTILITA PUBBLICA ED AGRICOLA 6%, DUE JULY 1, 1985Lit	12,500,000	44,875
TAKEDA CHEMICAL INDUSTRIES LTD. 6%, MARCH 31, 1984	\$150,000	126,750
		<u>672,922</u>

SHORT TERM CORPORATE NOTES: 10.5%

EXPORT FINANCE CORPORATION OF CANADA LTD. 5¾%, due October 24, 1966	\$400,000*	400,000
INDUSTRIAL ACCEPTANCE CORP. 6%, due August 29, 1966	\$300,000*	300,000
BANK OF NOVA SCOTIA 5¾% deposit receipt	\$400,000*	400,000
		<u>1,100,000</u>

TOTAL INVESTMENT

SECURITIES 95.9% \$10,043,019

The majority of the investment securities are listed on Canadian and foreign stock exchanges and are valued on the basis of reported sales on July 31, 1966, or, if no sale is reported, at a price between the bid and asked price. Over-the-counter quotations are used in the absence of stock exchange quotations. Foreign currencies have been expressed in U. S. dollars at the current free rate of exchange on July 31, 1966.

Symbols under captions "Number of shares" and "Principal amount" are:

FF—French Franc

DM—Deutsche Mark

FL—Guilder

ADR—American Depositary Receipt

Lit—Lire

*—Payable in U.S. dollars

(a)—Securities on which no dividends were paid during the preceding twelve months.



FINANCIAL STATEMENTS
IN UNITED STATES DOLLARS

JULY 31, 1966

ASSETS

Investment securities—at market value (identified cost \$10,097,916)

(see accompanying schedule)

Stocks:

Canada	\$ 3,799,193
Netherlands	934,964
France	789,399
Italy	768,240
Germany	729,445
Japan	395,905
Sweden	317,751
Other	535,200

8,270,097

Bond and debentures 672,922

Short term notes 1,100,000

Total investment securities 10,043,019

Cash 788,795

Dividends and accrued interest receivable 35,556

Accounts receivable for investment securities sold 191,176

11,058,546

LIABILITIES

Accounts payable:

For shares redeemed \$ 27,100

For investment securities purchased 537,211

Other 11,016

Canadian income taxes payable (note 1) 6,933 582,260

Net assets applicable to 2,067,853 capital shares
outstanding, equivalent to \$5.07 per share \$10,476,286

CAPITAL SHARES AND SURPLUS

Capital shares (note 2):

Authorized—shares of par value \$1.00 Canadian

1,000 deferred shares

10,000,000 common shares (less 2,754,239

shares redeemed and cancelled)

Outstanding—2,067,853 common shares \$ 1,948,426

Surplus:

Paid-in surplus \$ 8,787,678

Undistributed net income 696,141

Accumulated realized loss on sale of investments (901,062) 8,582,757

Total capital shares and surplus 10,531,183

Unrealized depreciation of investments (54,897)

Net assets applicable to outstanding shares \$10,476,286

On behalf of the Board:

Alex McD. McBain, Director

Rodney S. C. Donald, Director

(See notes to financial statements)



FINANCIAL STATEMENTS
IN UNITED STATES DOLLARS

FOR THE YEAR ENDED
JULY 31, 1966

INCOME

Dividends	\$ 354,829	
Interest	22,938	
		<u>377,767</u>

EXPENSES

Management fees (note 3)	\$ 64,075	
Directors' fees	20,250	
Custodian fees	11,408	
Legal fees and expenses	8,375	
Audit fees	6,312	
Printing annual report and proxies	5,068	
Transfer agent and registrar fees and expenses	3,915	
Expenses otherwise unclassified	4,128	123,531
Income before taxes on income		<u>254,236</u>
Foreign income taxes deducted at the source	47,791	
Provision for Canadian income taxes (note 1)	33,209	81,000
Net income		<u>\$ 173,236</u>

**INCOME AND
EXPENSE**

**GAIN ON SALE OF
INVESTMENTS**

Proceeds from sales (excluding short term corporate note redemptions)	\$ 5,860,971	
Aggregate cost (identified cost basis)	5,562,875	
Net gain	\$ 298,096	

Use of the average cost basis would have
resulted in a net gain of \$73,664.

**UNREALIZED
DEPRECIATION OF
INVESTMENTS**

Unrealized appreciation at beginning of year	\$ 827,102	
Unrealized depreciation at end of year	54,897	
Unrealized depreciation during the year	\$ 881,999	

(See notes to financial statements)



FINANCIAL STATEMENTS
IN UNITED STATES DOLLARS

FOR THE YEAR ENDED
JULY 31, 1966

**STATEMENT OF
CHANGES IN
NET ASSETS**

NET ASSETS as at July 31, 1965:

Capital	\$13,027,915	
Undistributed net income	847,606	\$13,875,521

INCOME:

Net income for the period	173,236	
Dividend paid in cash (7.30¢ per share)	(175,941)	
Undistributed net income included in the price of shares redeemed	(148,760)	(151,465)

CAPITAL:

Cost of 478,196 capital shares redeemed (exclusive of \$148,760 allocable to undistributed net income)	(2,520,077)	
Realized gain on sale of investments	298,096	
Dividend distribution paid in cash (5.70¢ per share)	(143,790)	
Unrealized depreciation of investments	(881,999)	(3,247,770)

NET ASSETS as at July 31, 1966:

Capital	9,780,145	
Undistributed net income	696,141	\$10,476,286

(See notes to financial statements)

During the year ended July 31, 1966 payments to affiliated persons were as follows:

Directors' fees aggregated \$20,250. Certain officers and directors of United Funds Canada-International Ltd. were affiliated with the following organizations to which payments were made during the period: management fees to United Funds Management Ltd. of \$64,075, legal fees to Valicenti, Leighton, Reid & Pine of \$5,532 and to Campbell, Godfrey & Lewtas of \$3,143, and brokerage commissions to Cazenove & Co. of \$1,904, to Dominion Securities Corporation Limited of \$1,395, to Banque de Suez et de l'Union des Mines of \$424 and Hentsch et Cie. of \$366.

In the year ended July 31, 1966 the company purchased securities totalling \$3,771,350 as follows:

Debentures	\$ 450,000
Short term notes	1,700,000
Stocks	1,621,350
	<u>\$3,771,350</u>

**SUPPLEMENTARY
INFORMATION**



1. The Fund has elected to be taxed as a "non resident-owned investment corporation" and the provision for Canadian income tax for the year ended July 31, 1966 has been computed at 15% on its taxable income (i.e. the excess of income including dividends from other corporations, over expenses and foreign income taxes).

2. The common shares are redeemable at their net asset value.

As a condition of obtaining permission to register with the Securities and Exchange Commission, the Fund has agreed not to issue any of its deferred shares, which were created to permit redemption of common shares under Canadian law.

3. Management fees payable to United Funds Management Ltd., (formerly North American Intercontinental Advisers Ltd.) have been computed on the basis of $\frac{1}{2}\%$ per annum of the average daily net asset value.



TO THE BOARD OF DIRECTORS AND THE SHAREHOLDERS OF
UNITED FUNDS CANADA-INTERNATIONAL LTD.:

We have examined the statements of assets and liabilities and capital shares and surplus of United Funds Canada-International Ltd. as at July 31, 1966 and the related statements of income and expense, gain on sale of investments, unrealized depreciation of investments and changes in net assets for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Securities owned at July 31, 1966 were verified by confirmations received directly either from the custodian or from brokers in respect of securities purchased but not received.

In our opinion, the accompanying statements referred to above present fairly the financial position of United Funds Canada-International Ltd. at July 31, 1966 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
August 18, 1966.

Arthur Young, Clarkson, Gordon & Co.

DIRECTORS

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